

Book	Policy Manual
Section	Policies Recommended for the BOE (39.2 Winter 2021 and Specials Update)
Title	ACCOUNTING SYSTEM FOR CAPITAL ASSETS
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#### 7455 - ACCOUNTING SYSTEM FOR **CAPITALFIXED** ASSETS

The Board of Education shall maintain a **capitalfixed**-asset, accounting system. The **capitalfixed**-asset system shall maintain sufficient information to permit the following:

- A. the preparation of year-end financial statements in accordance with generally-accepted, accounting principles
- B. adequate insurance coverage
- C. control and accountability

**CapitalFixed** assets are defined as those tangible assets of the District with 1.) a useful life in excess of one (1) year 2.) an initial cost equal to or exceeding the amount determined annually in the District's administrative guidelines, 3.) which are capitalized in accordance with GAAP, and 43.) which the District intends to hold or continue in use over an extended period of time. If a single item does not meet the threshold amount, but is typically purchased in aggregate by the District, the Treasurer/CFO shall verify which items shall be classified as **capitalfixed** assets and recorded at the time of purchase or acquisition. Further, some items may be identified as "controlled" assets that, although they do not meet all **capitalfixed** asset criteria, are to be recorded on the **capitalfixed**-asset system to maintain control.

**CapitalFixed** assets shall be classified as follows:

- A. ~~(-) land, land, buildings (facilities), equipment, and intellectual property (including software) whether acquired by purchase, construction, manufacture, exchange, or through a lease accounted for as financed purchase under Government Accounting Standards Board (GASB) standards or a finance lease under Financial Accounting Standards Board (FASB) standards, and~~
- B. ~~(-) land improvements, additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations or alterations to capitalfixed assets that materially increase their value or useful life (not ordinary repairs and maintenance).~~
- C. ~~(-) buildings and building improvements~~
- D. ~~(-) improvements other than building~~
- E. ~~(-) machinery and equipment~~
- F. ~~(-) furniture and fixtures~~
- G. ~~(-) vehicles~~
- H. ~~(-) plant (aerator)~~
- I. ~~(-) underground lines and other infrastructure~~
- J. ~~(-) construction in progress~~
- K. ~~(-) textbooks and library books~~
- L. ~~(-) investment in joint venture~~

Leased ~~capital~~fixed assets and assets which are jointly-owned shall be identified and recorded on the ~~capital~~fixed-asset system.

~~Capital-Fixed~~ assets shall be recorded at actual, or if not determinable, estimated purchase price or fair market value at the time of acquisition. The method(s) to be used to estimate such price or market value shall be established by the Treasurer/CFO.

The Superintendent shall develop administrative guidelines to address the proper purchase, transfer, and disposal of ~~capital-fixed~~ assets. Such assets shall be disposed of in such a manner as will be in the public interest and benefit the District (see Policy 7300 and Policy 7310).

The Treasurer/CFO shall verify whether an expense should be recorded as an improvement to a ~~capital-fixed~~ asset or maintenance cost. An improvement of a ~~capital-fixed~~ asset significantly increases its value, life or capacity to serve, and should be capitalized and depreciated over its life. Maintenance restores a ~~capital-fixed~~ asset to its original level of service and should not be capitalized.

Depreciation is the allocation of the cost of a ~~capital-fixed~~ asset over its estimated useful life. Depreciation shall be recorded for funded ~~capital~~fixed assets using the method(s) agreed upon by the Superintendent and the Treasurer.

The following information shall be maintained for all ~~capital-fixed~~ assets:

- A. description (including whether the item was acquired in aggregate)
- B. asset classification (land, building, equipment, etc.)
- C. location
- D. purchase price/cost, or if not determined:
  - 1. estimated cost/purchase price
  - 2. estimated fair market value
  - 3. contract price (including all related charges to place the ~~capital-fixed~~ asset in condition or in its place for the intended use), or
  - 4. appraised value at the time of acquisition (if obtained by gift/donated)
- E. vendor
- F. date purchased/acquired